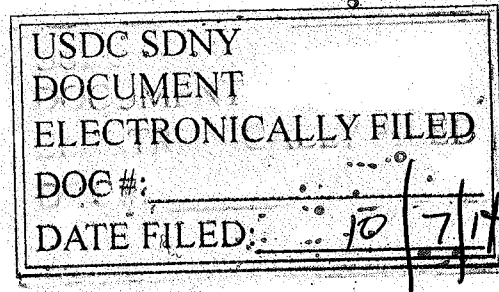


**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**



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UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

vs.

CHINA NORTHEAST PETROLEUM
HOLDINGS LIMITED; WANG HONGJUN
(a/k/a Hongjun Wang); JU GUIZHI (a/k/a
Guizhi Ju); and JIANG CHAO

(a/k/a Chao Jiang),

Defendants,

JIANG MINGFU (a/k/a Mingfu Jiang); and
SUN JISHUANG (a/k/a Jishuang Sun),

Relief Defendants.
-----X

No. 12 CV 8696 (NRB)

ECF Case

**ANSWER OF RELIEF DEFENDANT
MINGFU JIANG**

JURY TRIAL DEMANDED

ANSWER OF RELIEF DEFENDANT MINGFU JIANG

Defendant Mingfu Jiang hereby submits the following Answer to the Complaint filed by the United States Securities and Exchange Commission ("SEC") on November 29, 2012. Except as expressly admitted, Mr. Jiang denies the allegations in the Complaint.

SUMMARY

1. As to Paragraph 1 of the Complaint, Mr. Jiang denies the allegations to the extent they relate to his alleged conduct. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the remainder of the allegations contained in Paragraph 1, and on that basis denies each and every allegation contained therein.

2. As to Paragraph 2 of the Complaint, Mr. Jiang admits, upon information and belief, that at the date the Complaint was filed, China Northeast Petroleum Holdings Limited ("CNEP") was engaged in oil exploration, drilling, and production in the People's Republic of China ("China"). Except as expressly admitted, Mr. Jiang denies each and every allegation contained in this paragraph, including – but not limited to – the use of the pejorative adverb "purportedly."

3. As to Paragraph 3 of the Complaint, Mr. Jiang admits, upon information and belief, that Hongjun Wang ("Wang") served as Chairman of CNEP's Board of Directors and CNEP's President and CEO in January 2009, and that Ju Guizhi ("Ju") is one of CNEP's founders. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the remainder of the allegations contained in Paragraph 3, and on that basis denies each and every allegation contained therein.

4. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 4 of the Complaint and on that basis denies each and every allegation contained therein.

5. Mr. Jiang denies the allegations in Paragraph 5 of the Complaint to the extent they relate to the alleged conduct of Mr. Jiang. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in the remainder of Paragraph 5 and on that basis denies each and every allegation contained therein.

6. As to Paragraph 6 of the Complaint, Mr. Jiang admits that in 2009 two transfers totaling \$910,000 were made from CNEP's U.S. Bank Account into his personal bank account. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in the remainder of Paragraph 6 and on that basis denies each and every allegation contained therein.

7. As to Paragraph 7 of the Complaint, Mr. Jiang admits that Plaintiff purports to seek the stated relief for itself. Mr. Jiang denies that Plaintiff is entitled to relief or damages in any amount or of any kind whatsoever.

JURISDICTION

8. Paragraph 8 of the Complaint contains Plaintiff's jurisdictional allegations, to which no response is required. Mr. Jiang admits that Plaintiff purports to invoke the jurisdiction of this Court pursuant to 15 U.S.C. §§ 77t and 77v and 15 U.S.C. §§ 78u and 78aa.

9. Paragraph 9 of the Complaint contains Plaintiff's venue allegations to which no response is required. Mr. Jiang admits that Plaintiff purports to lay venue in this Court. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 9, and on that basis denies each and every allegation contained therein.

10. As to Paragraph 10 of the Complaint, Mr. Jiang denies the allegations to the extent they relate to any alleged conduct of Mr. Jiang. Mr. Jiang lacks knowledge or information

sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 10, and on that basis denies each and every allegation contained therein.

DEFENDANTS

CNEP

11. As to Paragraph 11 of the Complaint, Mr. Jiang admits, upon information and belief, that at the time the Complaint was filed, CNEP was a Nevada corporation with offices located in New York and California, and that CNEP was engaged in oil exploration, drilling, and production in China. Mr. Jiang denies the use of the pejorative adverb “purportedly” contained in the second sentence of Paragraph 11.

12. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 12, and on that basis denies each and every allegation contained therein.

13. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 13, and on that basis denies each and every allegation contained therein.

14. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 14, and on that basis denies each and every allegation contained therein.

Individual Defendants

15. The allegations in Paragraph 15 regarding Wang’s purported control over CNEP state a legal conclusion to which no response is required. To the extent a response is required, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and on that basis denies each and every allegation contained therein. Mr. Jiang admits that, based on information and belief, Wang is a Chinese national. Mr. Jiang lacks

knowledge or information sufficient to form a belief as to the truth of the allegations contained in the remainder of Paragraph 15, and on that basis denies each and every allegation contained therein.

16. The allegations in Paragraph 16 regarding Ju's purported control over CNEP state a legal conclusion to which no response is required. To the extent a response is required Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same. Mr. Jiang admits that, based on information and belief, Ju is one of CNEP's founders, is Wang's mother, and is a Chinese national who resides in China. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the remainder of the allegations in Paragraph 16, and on that basis denies each and every allegation contained therein.

17. As to Paragraph 17 of the Complaint, Mr. Jiang admits that his son, Chao Jiang, is a Chinese citizen and that he formerly resided in Jersey City, New Jersey. Mr. Jiang further admits that, on information and belief, during 2009 Chao Jiang served as Vice President of Corporate Finance and Secretary of CNEP.

Relief Defendants

18. The last sentence of Paragraph 18 contains legal conclusions to which no response is required. To the extent a response is required Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations, and therefore denies the same. As to the remainder of Paragraph 18, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

19. The last sentence of Paragraph 19 contains legal conclusions to which no response is required. To the extent a response is required Mr. Jiang denies the allegations. Mr. Jiang admits that he is Chao Jiang's father, and that he is a Chinese citizen who resides in China.

FACTUAL ALLEGATIONS

A. CNEP Raises \$31.9 Million in the U.S. Capital Markets

20. As to Paragraph 20 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

21. As to Paragraph 21 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

22. As to Paragraph 22 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

23. As to Paragraph 23 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

24. As to Paragraph 24 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

B. Offering Proceeds Transferred to Insiders

25. As to Paragraph 25 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

26. As to Paragraph 26 of the Complaint, Mr. Jiang admits he did not hold a disclosed position of employment at CNEP. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in the remainder of Paragraph 26, and on that basis denies each and every allegation contained therein.

27. As to Paragraph 27 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

28. As to Paragraph 28 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

29. As to Paragraph 29 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

30. As to Paragraph 30 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

31. As to Paragraph 31 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

C. CNEP Insiders Had Long Engaged In Undisclosed and Improper Related-Party Transactions

32. As to Paragraph 32 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

1. The Board Discovers Undisclosed, Related-Party Transactions

33. As to Paragraph 33 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

34. As to Paragraph 34 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

35. As to Paragraph 35 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

2. The Hong Kong Accounting Firm Uncovers Numerous Undisclosed, Related-Party Transactions

36. As to Paragraph 36 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

37. As to Paragraph 37 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

38. As to Paragraph 38 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

39. As to Paragraph 39 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

40. As to Paragraph 40 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

41. As to Paragraph 41 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

42. As to Paragraph 42 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

D. Wang and Ju's Ongoing Role In Controlling CNEP

43. As to Paragraph 43 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

44. As to Paragraph 44 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

45. As to Paragraph 45 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

46. As to Paragraph 46 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

47. Paragraph 47 states a legal conclusion to which no response is required. To the extent a response is required, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 47, and on that basis denies each and every allegation contained therein.

48. As to Paragraph 48 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

49. As to Paragraph 49 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

E. CNEP's Public Filings Contained Material Misrepresentations and Omissions

50. As to Paragraph 50 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

51. Mr. Jiang denies the allegations contained in Paragraph 51 of the Complaint to the extent they relate to any alleged conduct of Mr. Jiang. Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 51 to the extent they do not relate to any alleged conduct of Mr. Jiang, and on that basis denies each and every allegation contained therein.

52. As to Paragraph 52 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

53. As to Paragraph 53 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

F. CNEP Lacked Adequate Recordkeeping and Internal Controls

54. As to Paragraph 54 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

55. As to Paragraph 55 of the Complaint, Mr. Jiang lacks knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies the same.

FIRST CLAIM FOR RELIEF

Violations of Securities Act Section 17(a)

56. As to Paragraph 56 of the Complaint, Mr. Jiang re-alleges his responses to Paragraphs 1 through 55 as if fully set forth in response.

57. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 57 because the allegations are not directed toward Mr. Jiang.

58. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 58 because the allegations are not directed toward Mr. Jiang.

59. Paragraph 59 states a legal conclusion as to which no response is required. To the extent a response is required, Mr. Jiang avers that no response is required to the allegations contained in Paragraph 59 because the allegations are not directed toward Mr. Jiang.

SECOND CLAIM FOR RELIEF

Violations of Exchange Act Section 10(b) and Rule 10b-5

60. As to Paragraph 60 of the Complaint, Mr. Jiang re-alleges his responses to Paragraphs 1 through 59 as if fully set forth in response.

61. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 61 because the allegations are not directed toward Mr. Jiang.

62. Paragraph 62 states a legal conclusion to which no response is required. To the extent a response is required; Mr. Jiang avers that no response is required to the allegations contained in Paragraph 62 because the allegations are not directed toward Mr. Jiang.

63. Paragraph 63 states a legal conclusion as to which no response is required. To the extent a response is required, Mr. Jiang avers that no response is required to the allegations contained in Paragraph 63 because the allegations are not directed toward Mr. Jiang.

THIRD CLAIM FOR RELIEF

Violations of the Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1

64. As to Paragraph 64 of the Complaint, Mr. Jiang re-alleges his responses to Paragraphs 1 through 63 as if fully set forth in response.

65. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 65 because the allegations are not directed toward Mr. Jiang.

66. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 66 because the allegations are not directed toward Mr. Jiang.

67. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 67 because the allegations are not directed toward Mr. Jiang.

FOURTH CLAIM FOR RELIEF

CNEP Violated Exchange Act Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) and Rules 13a-1, 13a-11 and 13a-13

68. As to Paragraph 68 of the Complaint, Mr. Jiang re-alleges his responses to Paragraphs 1 through 67 as if fully set forth in response.

69. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 69 because the allegations are not directed toward Mr. Jiang.

70. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 70 because the allegations are not directed toward Mr. Jiang.

71. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 71 because the allegations are not directed toward Mr. Jiang.

72. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 72 because the allegations are not directed toward Mr. Jiang.

FIFTH CLAIM FOR RELIEF

Wang, Ju and Jiang Chao Aided and Abetted CNEP's Reporting, Recordkeeping and Internal Controls Violations

73. As to Paragraph 73 of the Complaint, Mr. Jiang re-alleges his responses to Paragraphs 1 through 72 as if fully set forth in response.

74. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 74 because the allegations are not directed toward Mr. Jiang.

75. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 75 because the allegations are not directed toward Mr. Jiang.

SIXTH CLAIM FOR RELIEF

Wang, Ju and Jiang Chao Aided and Abetted CNEP's Exchange Act Section 10(b) and Rule 10b-5 Violations

76. As to Paragraph 76 of the Complaint, Mr. Jiang re-alleges his responses to Paragraphs 1 through 75 as if fully set forth in response.

77. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 77 because the allegations are not directed toward Mr. Jiang.

78. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 78 because the allegations are not directed toward Mr. Jiang.

SEVENTH CLAIM FOR RELIEF

Wang and Ju, as Control Persons Under Exchange Act Section 20(a), are Liable for CNEP's Violations

79. As to Paragraph 79 of the Complaint, Mr. Jiang re-alleges his responses to Paragraphs 1 through 78 as if fully set forth in response.

80. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 80 because the allegations are not directed toward Mr. Jiang.

81. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 81 because the allegations are not directed toward Mr. Jiang.

82. Mr. Jiang avers that no response is required to the allegations contained in Paragraph 82 because the allegations are not directed toward Mr. Jiang.

PRAYER FOR RELIEF

Mr. Jiang denies that Plaintiff is entitled to relief or damages of any kind or in any amount whatsoever.

AFFIRMATIVE AND OTHER DEFENSES

Without assuming any burden he would not otherwise bear, and reserving his right to amend his Answer to assert additional defenses as they become known, Mr. Jiang asserts the following affirmative and other defenses:

FIRST DEFENSE

(Failure to State a Claim for Relief)

1. The Complaint, and each and every claim for relief contained therein that is applicable to Mr. Jiang, is barred, in whole or in part, on the basis that the Complaint fails to allege facts sufficient to state a claim for relief against Mr. Jiang.

SECOND DEFENSE

(Good Faith)

2. The Complaint, and each and every claim for relief contained therein that is applicable to Mr. Jiang, is barred, in whole or in part, on the basis that Mr. Jiang acted in good faith and upon a reasonable belief that his actions did not violate any of the applicable laws alleged in the Complaint.

THIRD DEFENSE

(Advice of Counsel)

3. The Complaint, and each and every claim for relief contained therein that is applicable to Mr. Jiang, is barred, in whole or in part, on the basis that Mr. Jiang relied upon advice of counsel.

FOURTH DEFENSE

(Collateral Estoppel)

4. The Complaint, and each and every claim for relief contained therein that is applicable to Mr. Jiang, is barred, in whole or in part, on the basis of collateral estoppel.

PRAYER

WHEREFORE, Mr. Jiang prays as follows:

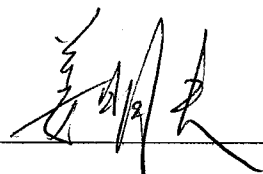
1. That Plaintiff take nothing by reason of its Complaint, and that judgment be rendered in favor of Mr. Jiang;
2. That Mr. Jiang be awarded any and all costs incurred by him in defense of this action; and
3. For all such other relief as the Court deems proper.

JURY DEMAND

Mr. Jiang hereby demands a trial by jury.

Dated: October 07, 2014

Signature of Defendant: _____



Address: 179 Changjiang Rd, Harbin, China

Telephone: N/A